

CLOS PEGASE

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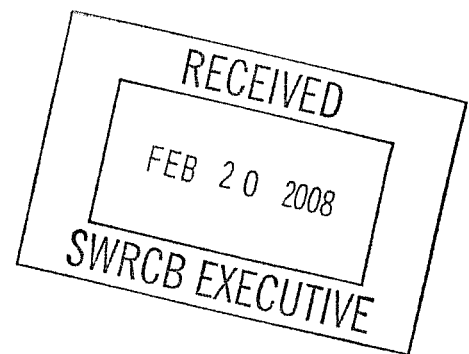
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February 15, 2008

Patricia Wiggins
Senate – 2nd District
1040 Main Street, Suite 205
Napa, CA 94559



Re: AB 2121: Instream Flow Policy for North Coast Streams

Dear Ms. Wiggins:

I write to inform you of a serious threat to the economy, environment and future wellbeing of five counties in the northern coast of California. The State Water Resources Control Board's ("State Board") Draft Policy for Maintaining Instream Flows in Northern California Coastal Streams, associated technical documents and Substitute California Environmental Quality Act ("CEQA") compliance document ("Instream Flow Policy"), dated December 2007, will essentially lock up the water resources of Humboldt, Mendocino, Sonoma, Napa and Marin Counties, despite the fact that only a small fraction of the waters of their watersheds is diverted to use and that the Policy is not focused on the most critical factors affecting the fisheries.

I will be directly impacted by the policy. This policy will be potentially devastating to my family's vineyards and farming interests as well as to our winery operations. Our vineyard costs have increased over the years and we depend on the water supply for irrigation in order to maintain reasonable yields. If we are unable to irrigate, our yields will decrease substantially, raising our cost per acre and ultimately squeezing our margins between what the consumers can pay and what the cost of the wine is. This in turn translates to lost jobs in the field and at the winery. If we do not have the grapes to yield we cannot afford to keep the people working that we currently have. If we don't have sufficient wine to sell, we cannot afford to keep our tasting room staffed and will need to make cut-backs in our administrative and wine production teams as well.

It is not only the individual impacts felt by my family and others that will be serious. The Instream Flow Policy will reduce the available water supply so significantly that land use planning decisions in the north coast region will essentially be taken out of the hands of local governments and put in the hands of the State Board. If approved as written, the Instream Flow Policy will take away the ability of the north coast to determine its own future. Not only will it dramatically reduce water supply in normal and below-normal water years, but it will drastically reduce the ability to divert water at the times when flows are the greatest. It is not even clear that the fishery resources of the affected area will benefit significantly from the severe measures imposed by the policy.

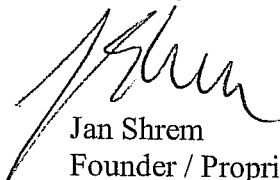
The proposed policy does not even pretend to weigh the competing public values of water supply and fish habitat. Instead, without any economic analysis or public trust balancing or even an assessment of how the fisheries will benefit; it commits virtually all available flows to instream uses. Ironically, this instream flow dedication will do nothing to improve the most critical factors affecting fisheries, including low summer flows, high water temperatures, lack of habitat and migration barriers.

The impacts of the Instream Flow Policy will be far-reaching. The policy impacts 3.1 million acres, and 5,900 stream miles. It is expected that water will be in short supply on the north coast in the future, with essentially no new water rights being approved and no alternative sources of water being available. The Instream Flow Policy will impact the regional economy, largely foreclosing future development of vineyards and wineries and other agricultural enterprises that provide direct revenue to local economies, in addition to indirect revenue generated from related tourism and support industries. Even many existing vineyards and family farm businesses will be impacted, as existing farm land may also be forced out of production as a result of the Instream Flow Policy. The economic impacts of the Instream Flow Policy will also affect north coast communities, because it is expected there will be little water available for new homes, or even for existing homes that rely on existing water rights for small domestic uses.

Many residents of the affected communities have not received notice of the Instream Flow Policy; and those that are aware of the policy, have not been able to fully understand its potential effect. The Instream Flow Policy is more than 800 pages of highly technical analysis. The implications of the policy and the data offered in support of the proposed policy will require extensive effort by highly qualified and experienced engineering firms to fully understand. Because of this, the public's ability to fully participate in the public process is being foreclosed. Given the extremely complex nature of the proposed Instream Flow Policy and its potentially devastating social cost, I request that you call for a legislative hearing on the proposed policy. Because the legislature set this process in motion with its AB 2121, it is only right that the legislature understand and confirm or object to the Water Board's direction in proposing the policy.

My family, and the other residents of the north coast, are relying on your assistance in facilitating an open and public dialog between your constituents and the State Board. The north coast desperately needs your assistance in working with the State Board, so a flow policy can be developed as a collaborative watershed approach that will actually provide the promised fishery protection, while satisfying the California Constitution's mandate that our water supply be put to beneficial use.

Sincerely,



Jan Shrem
Founder / Proprietor
Clos Pegase

CC:

Ms. Tam M. Doduc, Chair of the Board
Dr. Gary Wolff, Vice Chair
Mr. Arthur G. Baggett, Jr., Member
Mr. Charles R. Hoppin, Member
Ms. Frances Spivey-Weber, Member